

As Amended at the March 23, 2005 Meeting – See pages 17-18.

**Virginia Workforce Council
Holiday Inn Select Koger South, Parlor D
1021 Koger Center Boulevard
Richmond, Virginia
January 6, 2005
Minutes**

I. Call to Order – Chair Marjorie Connelly, Chair:

Chair Connelly called the meeting to order at 10:05. The public comment period to come later was announced.

II. Roll Call – Members Present

Marjorie Connelly, Chair	Daniel LeBlanc
Michael Daniels, Vice Chair	Senator Yvonne Miller
Senator J. Brandon Bell	Robert Myers
David Brash	Hiawatha Nicely
John Cannon	Rita Ricks
Mark Dreyfus	Secretary Michael Schewel
Dr. Glenn DuBois	Don Sullenberger
Dolores Esser	James Underwood
C. Michael Ferraro	Secretary Belle Wheelan
Hugh Keogh	Andrea Wooten

III. Approval of the Minutes- Chair Connelly

The minutes of the October 18, 2004 meeting were approved.

IV. Council on Virginia's Future – Jane Kusiak, Special Assistant to the Governor for Policy

Chair Connelly stated that similar activities are underway in other parts of the state to improve performance and accountability. Our first guest today is going to tell us about the statewide effort. It involves a group called the *Council on Virginia's Future*, and the efforts that we have underway will dovetail and feed into those efforts quite well. I think it also helps to insure that these efforts will actually have an impact. Chair Connelly introduced Jane Kusiak.

Ms. Kusiak indicated that the Council on Virginia's Future was established by the 1993 General Assembly. A lot of the interest was in the business community, where they felt that a lot of the decisions being made at the state level were short-sighted and did not take into account the long-term trends that may be impacting our citizenry, and that we really need to elevate the way we think about some of the major challenges facing our quality of life. It is not unlike what you have to do regarding oversight for current programs and their efficiency and effectiveness and at same time you have to make sure that they are still relevant and still meeting a broader need.

Governor Warner established the Council on Virginia's Future. The purpose of the Commission is to provide a long-term focus. The ultimate goal that we are striving for that will be presented to the next General Assembly is a Budget that aligns programmatic targets and metrics with the appropriations of given Agencies. This is going to be a major change in the way we do budgeting in Virginia. Up until this point, we have had strategic planning and metrics on one side of the house, and we have had budgeting on the other side. What we are doing right now is that we are in the process of giving direction to the agencies to create a strategic plan with which to align those two things. So, the budget that gets sent for the 2006 General Assembly to act upon will have them together.

Another reason why the Council was created was to increase government accountability. There was a sense that on some of the system-wide issues, in terms of efficiency and effectiveness, that there was no place to house those in one place, and so that is a part of what we were set up to do. Of course, ultimately what you are trying to do when you are establishing metrics and tracking them is to improve government operations and performance. If we are not by the tracking the metrics and actually progressing in the issues that we wanted to target, then the system doesn't have any meaning.

And the last Council purpose is to inform citizens about performance and engagement of dialogue about Virginia's future. One of the greatest frustrations that our legislatures have is that when they go out into the community, the level of knowledge that the citizens actually have regarding what we do, what our business is, and how we do it, is all very limited. It is mostly relevant to what they are actually engaged in, for instance, if they have children in school, they are cognizant of issues surrounding the schools, but not about public safety, if they have had no interaction. But in terms of stewards of the public good, we have not done the job we need to do in order to get them really engaged.

The following broad points can summarize the Council's vision statement:

- To responsibly grow our economy.
- To increase the levels of educational preparedness and attainment.
- To be the best managed state in the country.
- To have an informed and engaged citizenry.

This effort has been discussed by both of the two most likely candidates for our next governor and both have agreed proactively that they are supportive and would continue to push along those lines.

V. Integrated Performance Measures for Workforce Systems, Dr. Barbara Bolin, Special Advisor to the Governor for Workforce Development

Chair Connelly spoke before Dr. Bolin, by reemphasizing the Council's vision and how the Committees are organized around that vision through the Council's strategic goals. These goals and corresponding committees line up well with the various layers of the workforce system. Key performance metrics must be defined at every level. The measures at each level may differ in their orientation and may measure different things. The measures that we will discuss today are system measures. System measures should help answer key questions from key stakeholders.

Dr. Bolin spoke next about the output from the Council's systems measures meeting that was held in November 2004 and a handout was provided. The Council will review the measure

categories and suggest proposed metrics for deliberations by the Metrics & Incentives Committee. We are going to start our discussion by looking at the formal system and internal metrics that apply to it. The formal system consists of those programs listed in the handout. We are able to piggyback off of some work that is being done across the country. Six states led by Washington State are funded with a million dollars by the USDOL in order to tackle the issue of common performance measures that would be agreeable to the states. They came up with a framework, and then they invited ten other states to act as sort of satellites—we are one of those states, because they knew that the Council, was at the point where it needed to move forward with metrics—and at the November retreat we had one of those representatives from the core states. Greg White, from Oregon, and he shared with us the process that had gone into developing this framework.

We examined that framework at the retreat. There are four system performance categories, as you will see; Labor Market Results for Program Participants, Skills Gains, Results for Employers & the Economy and the Return on Investment. The Council decided at the retreat, that these were pretty much right on the mark. The six states also came up with a list of possible metrics.

We had a follow up meeting with one of the leading principals from Washington State in December 2004. We have come up with a suggestion that we accept some and that we add others. On the handout, there are some highlighted areas. On the left-hand side are the four categories. On the right-hand side you will see the measures. Now, the ones that are in yellow are the ones the Council, at the retreat in November, suggested as good additions. The question now is, "Is this what the Council, wants to put into place?" They cover that formal system and they should not be regarded as punitive. They are metrics that should move the system forward and that should be used as the basis for a continuous improvement approach.

Chair Connelly indicated that what she will be looking for from the Council, assuming that we do reach some consensus, is endorsement of these categories. Now, obviously, these are not something that you could take, put out on the web site and implementation is done. There is a lot of mechanics to think through; there is a lot of specifics, there is a chance that other proxies will need to be defined, et cetera. What we would do is provide just Council endorsement, and then actually ask the Metrics & Incentives Committee to work with staff on that next step; e.g., how do you translate those into something that can be implemented. And then the second thing that we would ask the Metrics & Incentives Committee to do is, Andrea, work with the Local Excellence Committee to see how you can create a sort of cascading measure(s) that we could use around the incentive plans for WIB performance.

Dr. Bolin provided a word of caution in that some of these metrics we could not implement now. We may not be able to implement some of them for several months. We can't collect the data for some of them at the moment. The larger question to keep in your mind is, "Is this something that we should be doing?" If the answer is "yes," then we will have to look at how we can collect the data, in order to get us there. Mark Dreyfus said that the one thing that I see missing is a measurement of participant satisfaction. You know, this is about helping people to get into the workforce and about obtaining certain levels, and I don't know if that is a subcategory of some of these.

Dr. Bolin indicated that it could be, and I think that the important thing to remember is that what you have on this single sheet are the fifty thousand foot level formal measures, but everybody has the intent of having cascading measures underneath. It may be, Mark, to go back to the circle diagram—that may fall under one-stops and WIBs—that might be an internal

metric that falls under that next layer, as opposed to the broader system. I think it is an important point. But a lot of thought went into having a few really meaningful measures that can give us the answer to the question of "how are we doing as a system."

Mr. Dreyfus asked whether what we are trying to do is show movement, positive or negative, and we are not starting with some presumed "right" percentage. We are just trying to measure our movement relevant to where we started?

Dr. Bolin replied that in the first year, you would have to set a baseline. Then, after that, you would certainly monitor change. No one knows what the "right" number is and I don't think that there is a "right" number. We might be happy with an 80% response, where as another state might feel that number ought to be 90%. But I think the idea is to simply use the metrics to move the system forward, even if it is only 1 or 2%; just move it forward.

Chair Connelly indicated that the only exception to that would be with some of the specific WIA metrics they are dictated; I mean they are negotiated but mandated. And, I think there is, at least in some cases, some good overlap between what is proposed here.

Katherine DeRosear will now lead the discussion on measures in the right-hand column of your papers. She reviewed the suggested measures for each of the four categories. Katherine indicated that we have been reassured by the six other states—that in order to produce these types of reports on these common measures it would require little, if any, additional data collection by each of the programs to which these measures would apply. That each of these programs currently has an information management system that collects or contains administrative data about each participant receiving a service. A state can create a data warehouse that would sit on top of each of these information management systems and would hold the needed records, so that at the programmatic level, the program providers do not have to collect or enter any additional data; it would be at the state level, this data warehouse, that would pull the information from the requisite information management systems to create the necessary reports for each of these measures at the state level. Other states, such as Florida, have been doing this for at the last 10 years. The other states are moving in this direction to create a data warehouse, rather than to create a single information management system, to be used by all program providers.

Dr. Bolin said her office has begun discussions with Secretary Wong, the Secretary of Technology, about this situation, and he agrees that building a single MIS would be prohibitively expensive and time consuming, and really unnecessary. The smart way to go is to, put something on top of what we already have. There is no intent in any of our recommendations that we put in place metrics that impose any more burdens on the local folks than are already there. We do not want them to have to enter any more data or do any different sorts of collections, or create any different sorts of reports. We ought to, at the state level, be able to do this, because we are measuring the system at the state level.

Ms Esser asked if there was any clarity on the definition of a living wage. Ms. DeRosear replied that the discussions did not get that far at the retreat. The thinking was when taking a look at the earnings level, there was an interest in a nesting measure to look at people who exit in the system, making a living wage. That is as far as the discussion went at that time, knowing that the Committee would take this under advisement and say, "Is that something we want to do?", and "Who defines 'living wage'?" That was just a recommendation that this be important.

Ms. Esser continued with the caution that in some areas of the state with severely high unemployment, leaving manufacturing jobs of very high wages, the chances of getting people—even with training—into jobs commensurate with what they were making before, are not very good. It is extremely tough. So you need to understand that we have pockets of that sort of thing going on in the state.

Mr. Keogh added that he would counsel you to stay away from the term "living wage" because it is a provocative term in a political setting, and gets the whole discussion into an area that it doesn't need to be in for our purposes. And that is not a slam at high-end economics, by any means, but I think it is a phrase that the group would be best to stay away from.

Chair Connelly indicated that when we get into all of the questions surrounding metrics, none of them are perfect; they are a proxy for reality and nothing ever better than that. But I think that this is an example of still being able to deal with that; with being able to accept that there are going to be imperfections. Still, I think there is a lot of value to be gained from laying that out and tracking it over time.

Katherine reviewed the last category of measure, which is economic return on investment. I will let Marjorie talk through what her thoughts are, because as we talked through this at the December meeting with our folks from VEDP, we really wanted or we think its best that Marjorie talk about her desire as it relates to economic return on investment, because she says it better than any one of us can.

Chair Connelly said that in terms of what action drove what outcome; there is no way that you can prove that it was a program. I think that an important measure at a statewide level is —is the economy improving? Basically, is the GDP on a per capita basis going up? I think that is, in many ways, what it's about. You would hope that there would be a correlation. Again, I think you can never prove anything beyond correlation. I don't think you could ever prove causation. The notion would be if you would compare it either to wages, so that hypothetically, if you are creating a more robust economic environment, part of what will happen is that your overall wages that are recorded by the state and we already have that data for tax reasons would increase. So that is one possible measure.

Because of what Commissioner Esser was saying, the issues around manufacturing, another way to look at it would be measures more on general employment, and look at it more like hours of wage contribution. Again, the notion would be, if we have a robust workforce then economic development will follow and we will have greater utilization of that workforce. I would not ever over-invest in creating this; it's actually a pretty easy number to figure though, because all those numbers are already captured due to the tax laws, and it will never prove anything to us but I think it is one of those good things to know since at the end day, that's kind of what all of this stuff is about.

Chair Connelly said it sounds like we are all fairly on board with this notion of system measures, so what I would like is to ask if someone would move that the council endorse these for further development by the Metrics & Incentives Committee.

Mr. Myers remarked that before we vote or endorse the ideas here, he would be an advocate of language that would have something to say about a living wage, or a measurement of some kind there. I would not like to see us in the business of going for employer market penetration at all cost, even if it means servicing employers who frankly don't deserve to be serviced by this

body; who exploit workers, et cetera. As long as we are going to at least attach the idea of living wage or some component of measurement there, I'll gladly endorse this concept here.

Chair Connelly asked for a motion to endorse the measures for further refinement by both the staff and the Metrics & Incentive Committee. The motion was seconded and agreed to.

VI. Virginia Workforce Network Information System (VWNIS) – James Cocke, Assistant Director of Administrative Services, VEC

Mr. Cocke indicated that the VWNIS is an information system. But, let's start with MACC, which means the Mid-Atlantic Career Consortium. It is an organization that was formed by the U. S. Department of Labor, Region 2, and the states of Maryland, West Virginia, and the Commonwealths of Pennsylvania and Virginia. It was formed for the purpose of advancing what was then the Pennsylvania Career Link System, which was identified as being a very good model for a workforce delivery system, and to develop it as a consortium, bringing it to a higher level to reengineer some of its engineering and architecture to make it a more viable system, and that effort was launched roughly in the year 2000. The actual effort started on the "MACC System in the summer of 2001 when the vendor was selected to undertake the actual rewrite of the system to improve some of the architectural issues it related to the Pennsylvania Career Link System. Also, to add certain enhancements and functionality that the Pennsylvania Career Link System did not have, such as case management and certain reporting features.

However, initially, in the fall of 2000, to get a system into place to support the local WIB operations, we retrofitted a former JTBA system, which was a PC based system, and we implemented that system in the fall of 2000. In the following year, in the fall of 2001, we took a cut of the Pennsylvania Career Link's system, even though it had certain flaws related to its architecture, and we reengineered it in such a way that we could introduce that, being that it is a web-based system, for the WIBs to use and to support their programs. So in the fall of 2001, we undertook the rollout and implementation of that system.

The third thing that I wanted to mention was something that occurred in the fall of 2003. Virginia took the code of what was then an early version of the MACC system that West Virginia had implemented. We felt it could take us to a next level. So we did some modifications and installed that code and went into production in Virginia in the fall of 2003.

Since that time, the consortium has received the final deliverables from the vendor—what we call the "MACC Core Code". Now, part of what differentiates the MACC Core Code that we now have from the code we installed in the fall of 2003 is that it was recognized that we had to address certain issues with that version of the code that had to deal with outcomes and WIA, the way that funding streams were handled. We are at the point now where we have received the final deliverables from the Consortium. We are looking at this as closing the book on the chapter, or the part of the book that involved Virginia being a member of the MACC. We have received maximum benefit from the Consortium in terms of receiving the Core Code that we have at the present time. Let's talk about the VWN Information System (or VWNIS) because that is where we are going in the future.

Andrea Wooten asked about whether the deliverable that we have now is ever going to meet the WIB needs from the end user standpoint. I would like to know how much we have invested into the MACC System. Secondly, if you were to grade what we got as a deliverable, what grade would you give it?

Mr. Cocke said he would grade it is a B+. On the investment, keep in mind that we are talking about four states and the DOL Region and National offices—which were very much involved with this. I am going to give you a ballpark figure. The number that I am most comfortable with in terms of the investment that the four states have made on the development is between \$5 and \$5.5 million. Now, Virginia has contributed approximately one fourth of that figure. In terms of the money that Virginia has actually had to come forth with from our grants (WIA Grant) (Wagner-Peyser Grant), I will give you a number of \$1 ¼ to \$1 ½ million; for development cost in Virginia and including money from the one-stop grant. At least 50% of that was covered with the one-stop grant. Virginia had the benefit of still having what was referred to as "one-stop grants." They were federal grants given to the states, starting before WIA, to begin development of one stop systems. We began this process and we still had that grant. So, Virginia was able to use resources that were not coming out of the main program grants. This amount for Virginia does not include support costs, the staffing and system support. Ms. Cocke said he would get the total cost figure for Ms. Wooten

Ms. Wooten asked if there was any direct dialogue with the locals? I sense that there is a communication issue in terms of how you find out what is and what is not working.

Mr. Cocke said the major communication about system-related needs is done in two ways from the current users. Much of the feedback comes through Joe Holicky and Brian Long, who work for the WIA Division. The feedback we have been receiving by way of Dr. Bolin's meetings with the WIB Directors is a more formal type of feedback. It was solicited and it was written and it came in through Dr. Barbara Bolin, and we are digesting and working on that. We made a list of the items that we have gotten through feedback. We knew that we needed to do things to make better edits in the system (that came straight from the field), and we have been doing that to the extent that we can and as quickly as we can.

Judy Begland, Chair of the Virginia Association of Workforce Directors (VAWD) spoke about the WIB's perspective and indicated that VAWD had written a letter to the VEC listing their concerns. VAWD is looking forward to working with the VEC to address these issues.

VII. WIB News – WIB Performance Report, Willie Blanton, State WIA Director

Mr. Blanton provided a handout. If you look at this matrix chart with all of the numbers on it, and look at, for example, Central Virginia, you will see that they have failed a number of performance measures for two years running. If you look at Area 5, which is the Northern Shenandoah Valley where the Council had Ms. Grund speak to us a few months ago, they have also failed a number of performance measures. In the case of the Shenandoah Valley WIB, you would probably conclude that they just don't have enough money, given the small amount of the grant that they were given last year, to do all of the things that they are supposed to be doing. It is not as though they are not doing a good job; they just don't have enough money. In the case of Lynchburg, I don't know what the problem is in the Lynchburg Area. One of the things that the VEC does not have the power to do, and maybe this Council wants to consider, is doing some things very specifically to try to address these problems. We may need to either decertify or provide some sort of specialized assistance, or something to get these people to do a better job whether it be in the form of an outreached helping hand, or whether it be to smack them with a stick. One way or the other, something needs to be done.

Chair Connelly said that outlying management probably is the simplest way to try to impact this in the shortest amount of time. I don't know enough about the regions to have a clue as to what might be the right approach, but is that something you could enlighten us on Barbara?

Dr. Bolin replied that the Governor has already given us a pretty good model that we might consider. He has “Turn-around Specialists” going into failing schools to work with the specific schools that are failing to try to help them. So maybe, the Council might look at that as a model for an approach. We clearly have some who are doing a terrific job, and have others who are truly struggling. On a case-by-case basis I think we need to look at why they are failing.

Mr. Blanton also added that we have determined in looking at some of our progress, or lack there of, that what we might need to do is to use a team approach to consulting, because the issues that the locals appear to be dealing with are cross-cutting issues. Therefore, in addition to the WIA consultants, I might have to send someone from IT, and have him or her go out in the role of consultant. But they should all be there together so that we can see the impact of technology on program performance. That is something that we now have as a part of our developing agreement with the Feds in terms of how we will improve performance from a WIA perspective. We have a listing of probably 20 things that we believe have impacted performance that we have looked at very closely, and that is one of them. Mr. Blanton said that he wanted to share some of our greatest challenges with you. Of course, the question that the Chair asked is, will missing the same measures for two consecutive years raise the prospects of sanctions? We want to avoid that. In fact, the Secretary has challenged us, he has more than challenged us, and he said that he wants us to have incentive funds at the close of this program year. We are going to present that challenge to the locals and we are going to work collectively to try to get there, and we are going to invite our colleagues who have to also perform at that level, Adult Ed and Career & Technical Education, so that the three can align at the same time, so that in fact Virginia will get incentive dollars.

I have indicated that low numbers cause excessive swings and I will give you one example.. One of the areas had someone in the pool that had a \$130,000 of first two, quarter earnings, and when that person came out, that person was making \$15,000. So try to imagine the large potential swing of that. Now, the larger areas could absorb that better if they've got 300 – 400 people; but if that occurred in an area where you had only 50 – 60 people, then they would have had a negative from that and they would not have recovered from that. But, that's what the system had captured.

A brief snapshot of the first quarter performance and it is done at a time when we are really changing systems. The look-back period that we are looking at...we believe through our efforts with the locals to do a variety of things that we are going to significantly improve upon what you see there. Now it is not so much that we have excessive failure, but what bothers me is the fact that exceeding has diminished in that snapshot so significantly.

I have kind of divided the performance problems that I have seen into some categories. One is ***informational system issues***, so I have not overlooked that. I believe the fact that we had those three or four systems and along with the multiple migrations that it has had some effect on our data; also, the fact that the systems did not have good editing capabilities has also had a very negative effect on our data output; identifying old system data has also been a problem.

The other thing is that there may be ***some instances where data is not being entered into the system at all***, and that obviously would have some negative impact. We are going to have to look very closely at that in terms of whether the data that needed to be included or input has been included or input, particularly wherever those numbers are low.

Another category is ***applications and user confidence***; and we've gotten a sense of it this morning around the table, and I have talked to various workforce directors and others at the local level, re: there is a confidence issue. How we overcome it and how quickly we can overcome it, I think, is a matter of being able to give them what they want and when they want it, and to have them look at the same things that we are looking at, allowing them to make the necessary adjustments. Otherwise, there will continually be complaints regarding what the state has provided as a system of record.

Lack of understandings of measures and performance planning – that is another biggie that we are going to be working on. That team approach that I talked about. And then, the final thing, lack of encouragement to perform – we can look at incentives and sanctions, but I think that, sanctions, in my mind we start to looking at things that are adversely affecting customers. Because if we are talking about taking money away from locals, then that means that they will have less to serve people, and to me, that is not the best option if I have other options.

Some of the other things (options) that I am considering are starting with performance planning, to go out and say, "This is where we are right now. We agree that this is a performance." Now, what is it that you are going to do with the state's help, with outside help from the Feds, with private sector help, or whatever, to get from point A to point B? And I'm looking at two points. If you are already exceeding in everything, how do you maintain that level of response? If you are failing significantly, how do you increase your performance so that you are no longer failing? And, so just because the workforce area is doing well now, should not suggest that there should not also be some attention to encouragement of continuous improvement within the system and the performance therein. So, we are going to do those two things as encouragement. .

How are we seeking to improve upon what we are doing – One of the first things that we are going to do, and which I don't think is going to have any impact, is that we are going to approach the DOL again concerning what we considered to be some artificially high standards set from the beginning. We have documentation that verifies that they were. Now whether we will be successful or not, I don't think so. But it is going to be a part of our effort. Now we have been willing to re-negotiate some of those standards with locals, whereas the Feds were not willing to re-negotiate them with us. We believe in fairness in terms of the local reality and we did re-negotiate some.

Next, ***uniform consistent data handling of user applications*** – that is another area that I have some concern about. We need to reinforce and to enforce our field guidance memos and technical assistance documents. We want to enhance our telephone and e-mail response to questions. We believe that we have improved upon the user guide, because we have linked that to how you can use it better as a case manager, perhaps, or as a data entry person. We think that is going to have a positive effect on our outcomes.

Timely, accurate data entry – we have one issue that we need to resolve and I will be candid with you about that issue and that is, we have a standing policy that says data needs to be entered within a five workday period. Some areas have indicated to me that they cannot do it in that timeframe, so I don't know that this would be one of the things that the user group would probably reinforce and it is likely to have some effect. We do want to get timely data entered into the system, because if you are looking at reports, you want to make sure that you have all of your data there and available. I am concerned that there may be some instances where the data is not being entered at all. So, we want to work on that.

Require performance improvement and performance management plans – and I stopped short of talking about sanctions and indicated that my preference is to establish a sanctions posture, meaning that we go to the level of having something that we can do, whether we have to do it or not, and my preference is that we never get to where we have to; particularly if it is a monetary sanction.

Chair Connelly asked Mr. Blanton and Dr. Bolin at the next meeting to talk to us about the three most egregious outliers, for example, anybody that has failed on four or more measures, or something along those lines. Come back and help us understand a little bit more about why, and maybe it is as easy as that small size just makes for such wacky metrics, or maybe there is just a total absence of a certain program that needs to be in place, and what can we do to help there. I feel that will help us to have a pretty good shot at making this work. I also agree with you that it would be premature at this point to go down the sanctions route, but I do also think that is fair to make sure that folks really understand that it is not just a possibility, but a likely outcome at some point and time, if performance does not follow.

Dr. Barbara Bolin mentioned the concept of "turn-around teams", again, which is similar to what we are doing in high schools, and this is exactly the sort of thing that I am talking about; getting peers (the successful ones) to help and to mentor others of those who are struggling, and so on. So I think that through the new WIB Directors Assoc., this is easily doable, and clearly, as a state, we should be supportive of that and as helpful as we need to be.

A suggestion was made to congratulate WIB One, which is far south west Virginia, which either met or exceeded all of the performance goals, and they were the only one of the 17 WIBs to did that. Chair Connelly will send a letter.

VIII. PY 2004 WIA 15% Statewide Budget & WIB First Quarter Financial Reports, Dolores Esser, VEC Commissioner

Statewide 15% Funds (Handout)

Ms. Esser indicated that carry-in from the previous years was \$2 million. We recaptured \$353.00 last year. There was a time when we captured a lot more. The WIBs are getting extremely good at spending their money in a timely manner. The Virginia Workforce Network, which is what you heard about this morning is a line item. Then, there are the skill centers, incentive awards, et cetera. And then you will see the year-to-date expenditures. Now, this is from July 1, through November 30, 2004, and that was the most current that I could provide you on expenditures. There is a line for obligations; that means that we already know that there is going to be some expenditures because of either a contract, or something else that we have in place. And, finally you see there the total, which is a combination of all expenditures and obligations. If you will look further down that first column, out of the \$8,000,600 dollars that we started with, there is still \$768,000 dollars that have not been obligated out of this year's budget.

Mr. Ferraro asked a question of Secretary Schewel. At a previous meeting when this was presented, a couple of us questioned the \$2.9 million for staff allocation, which is our biggest expense, and you had offered to whittle that down a little bit. I wonder if you had any luck in that arena? Secretary Schewel responded that this number was whittled down substantially from a couple of years ago, but it started at maybe \$1 million more than this.

What we looked at before was how are we are doing relative to other states; i.e., how are our administrative costs compared to other states, and we have performed well, relative to those other states.

Chair Connelly asked what's the process for using the \$768, 000 that is available? Is that for the council to decide? Ms. Esser replied that recommendations can be made to the Governor.

Secretary Schewel indicated that on a \$768,000 budget, what seems to me would happen is our ability to do all of our initiatives out of this money is going to continually shrink until what we could end up with is, the ability to administer the program, but not the ability to do anything else.

WIB First Quarter Financial Reports (Handouts)

Ms. Esser gave thanks to the WIBs because the Council has asked for this information. What I am supplying you with is for program year 2004 for the quarter ending September 30, 2004, and for all of last year 2003.

If you will just take a look at 2004, if you look at the far right-hand where it says \$9,883,000, you might ask the question, "why doesn't that say \$38 million?" The reason is the Department of Labor allocates so much money to the state at a time, and we don't get the rest of it for another period of time. So when we started this program in July this year, we were only given \$9,800,000. Now we have subsequently received the additional funding and so in the next round that we see, you will see the full amount on this sheet. But that is all that we had for that first quarter spending. The administration category, which is only allowed 10%, are the expenditures for personnel and operating expenses, etc.

Then you get down to customer costs and there is design elements and those are only related to the youth programs. As I said on the attachments, it tells you exactly what they have to do in designing the youth program, and the costs, and the elements involved such as tutoring, alternative secondary school services, summer employment, et cetera. There is a whole long list of things that go into the make up of the elements of the youth programs. Core services, then intensive services, supportive services, e.g. buying books for people, reimbursing them for travel. Then there comes the training; the individual training accounts, on-the-job, customized training, contractual training, other kinds of costs. And then we have a total there for customer costs. There is a lot on this form. What you see on the next line is total expenditures, and then also we are showing you the unexpended funds for this quarter; in other words, they only spent \$2 million out of the \$9 million, leaving \$7 million unspent in that quarter.

The low expenditure in the first quarter is probably related to the carry over from last year and at a local level they are allowed two years to spend money, so they will use last year's monies first. If you look at the sheet that is underneath 2004's, which is 2003's total, and look at the last column at the last line there is listed the unexpended funds from the last year, which was \$6.9 million that they did not spend from the 2003 money.

A comment was made that about a third of the WIB money is being used on administrative personnel and operating expenses, rather than on services to the individual clients. The question was asked whether we measure the individual WIBs on how efficient they are, as far as administration, because we have some WIBs that are performing better than others?

Ms Esser replied that as long as the WIBs don't go over the percentage that they are allocated, the state does not take any action. It is up to the local WIB to make a decision. Now, what you have to understand is they will have personnel costs in the top part, which is their operating costs, but they also have personnel costs in customer costs because a lot of delivery of the services is really WIB paid for staff. So there is staffing built into both places.

IX. Next Steps – Local Economic and Workforce Development Collaboration, Gail Robinson, Staff

Ms. Robinson reported that Council members were sent material on this. The regional meetings revealed a lot about what local people did not know and more importantly, we found out what it is that they want to do about this, i.e., the local elected officials, the city managers, the county administrators, the economic development professionals, and we had excellent representation from some areas; not so much in others. They really articulated they would like for this Council to do in terms of leadership and facilitation and convening. The top five requests from all of the people who attended these regional meetings—because we asked them to fill out a technical assistance form before they left, in terms of what they wanted from the Council—are as follows:

- Best practices sharing
- Peer-to-Peer exchanges
- Direct Presentations at City Council & Council Board of Supervisor Mtgs.
- Inner-Agency Collaboration
- WIA Information and Leverage

Three Committees, Integration and Alignment, Key Player Effectiveness, and Awareness and Confidence, are recommending the development of a two-year plan to address these needs. I can also say that 38 of the people who were at the regional conferences want to participate and help; so that is the local component.

The only other comment I want to make is about the Future Forward effort in North Carolina.. Southside Virginia and Roanoke, and I do believe even in Blue Ridge, there was tremendous interest in looking at how something like this could get underway as a rural economic and workforce development effort. The idea is to explore what the Council can do to assist any WIB that is interested.

Mr. LeBlanc made a motion that the Council approve the development of a two-year plan on Workforce and Economic Development Collaboration, based on recommendations from the six regional meetings. Mr. Sullenberger said that I have certainly been a strong advocate of the fact that the County Administrators and City Managers need to be your first line of contact in terms of convincing on what we are trying to do, and just from the perspective of the economic development community, there is an awareness of the need for collaboration with workforce professionals and the whole broader workforce community. So, I support the motion.

Mr. LeBlanc added that our Committee is going to spend \$10,000 on this effort. The motion passed.

X. Virginia Electronic Labor Market Access (VELMA), Jeremy Dayo, Research Analyst, VEC –

- Mr. Dayo provided a brief demonstration of the new VELMA system. We have had VELMA for a few years, but it was a very old version, and we have just upgraded to a 6.0. It is a virtual

LMI (Labor Market Information). The application is split into three sections and there are basically three types of users. You have job seekers, employers, and analysts like LMI and economic developers. I will start with services for individuals, the job seekers.

A feature of the application is a job search tool, which pulls in job results from America's Job Bank, Career Building, and from Hot Jobs into one integrative search. Information is provided about the job, job requirements, the compensation, the job description, and if the user wants to apply for the job, all they have to do is click on a button that brings them directly to the website where they can immediately apply. VELMA is a combination of workforce information, labor market information, and the job search feature. Another feature is Info USA that has databases that are basically massive yellow pages. It has millions of employers that you can search for.

Some of the other career services for individuals are career steps, which is a step-by-step feature for college students that want to know how to move into a new career, giving a self-assessment, check the labor market and the training needs. The Career Explorer—allows you to tell the system what type of skills you already have, and it looks at those skills and it matches them up to other occupations that have similar skills. This is good for people that are not quite as data-savvy as others that know their data really well; it takes a lot of labor market information and it puts it into a profile report for that person, so that they do not have to be experts to use the data base. The Career Informer allows you to go into this database and do research on a specific job and it pulls up pretty much the same type of a profile report. Not only does it search for the specific job, but it also looks at the broader occupational group, so it will show you how many jobs are available to accountants, but it will also show that in a larger area.

The Job Market Explorer allows you to list an occupational group, e.g., – Computer and Mathematical Occupations – and then you tell the data search what occupational degrees you have – e.g. a Bachelor's Degree – and you can also list wage requirements. The returned results pertain to the different occupations that relate to the search criteria you have just entered. Educational Services provides a lot of educational data, training programs, training completion information; that you can go in and do a search for, e.g. Richmond – (search by keyword) search for all of the training providers – the results are all of the training programs and educational providers within the Richmond WIA. You can then narrow the search down to a specific county.

For employers, it offers labor market information, some recruitment services, and provides many links to help employers with their recruitment process. Data can be downloaded into an Excel table. Another nice feature is that you can build a graph from the search result information and once it pulls up the graph with the added information, you can save the graph to your computer.

.XI. Tobacco Indemnification & Community Revitalization Commission – Tim Pfohl, Commission Grants Manager

Mr. Pfohl spoke about what the Commission is doing and gave examples of the types of investments that the Commission has made in its five year history. Our purpose as set by the General Assembly is twofold. The first is to indemnify tobacco growers and quota holders for lost production opportunity due to cuts in the federal tobacco quota system. The second is the one that our grants programs focus on, and that is the revitalization of the economy of the

tobacco-dependent communities in Virginia, and to reduce dependence on tobacco-related businesses.

The Tobacco Commission addresses 34 counties in seven cities and the region is defined as Virginia's Tobacco Dependent Region. They are all within Southside and Southwest Virginia. The Tobacco Commission receives 50% of the funds that the Commonwealth gets from the Tobacco Manufacturers who are participating in the master settlement agreement that was drafted in 1998. We have field offices in South Boston and Edmonton, one for each of our two defined regions. The Tobacco Region Opportunity Fund is the vehicle by which the Tobacco Commission provides assistance.

The Commission engages in longer term initiatives in terms of workforce training and education, and what the commission is attempting to do with this investment is to help prepare ready workforce with the desired skills by assisting in the development of programs and facilities that offer target education opportunities, that in many cases were not available previously in the tobacco region localities. Just a quick illustrative list of some of the programs we have funded in the arena of workforce and education; adult-based education and G.E.D. programs would be Mount Rogers Regional Partnership, which is actually the three planning districts in Southwest Virginia, has been funded to take part in the Race to G.E.D. Program; the Patrick County Education Foundation, which is chaired by former governor Baliles and is a G.E.D. program that we funded in that county; the Literary Foundation of Virginia is a resource that got a substantial capitalization from the Tobacco Commission that has been providing grants to community colleges, G.E.D. programs, and so forth, across the tobacco region.

Under workforce readiness, we funded an array of facilities, and I think there are many more in the pipeline right now. So far, the Franklin County Workforce Consortium has for several years been tapping into the Tobacco Commission funds and has been providing training on a number of levels from G.E.D. to workforce manufacturing and technology training. The Skills Streams for Success Program in Sussex and Dinwiddie, and some of the surrounding counties are some of the locations that we have had an involvement with for several years; more recently, the Tech Exam Program, which is a non-profit organization offering computer introductory skills training.

The Commission assists communities in creating sites and facilities that are needed to attract the next wave of job creation and business growth in the tobacco region. We have assisted extensively with original industrial parks regarding water, sewer, access roads, and other types of infrastructure for these parks.

One of the signature projects that is emerging from the Tobacco Commission now is the creation of a Broadband Network in the Southside and Southwest regions. Open-access and an entire sales system, all that would be operated by cooperative and funded by the Tobacco Commission. There will be a network operation center at Riverstone Technology Park in Halifax County, and the concept is that there will be more cost-effective, high-volume, high-capacity, high-speed networks available to businesses, schools, and communities throughout Southside Virginia. For all of these projects, the Tobacco Commission serves as a relatively flexible source of matching funds and we are frequently partnered with other funding sources, such as the Federal Economic Development Administration, the USDA Rural Development Organization, the Community Development Block Grant and VDOT Industrial Access Road Funds.

A frequent partner with the Tobacco Commission from day one has been the community colleges. There are seven community colleges that have received pretty substantial what we call allocation funding from the Tobacco Commission over the years. In addition, some of the other programs that they have rolled out include The Appalachian Tri-College Nursing Program, which is a cooperative effort of three community colleges in Southwest Virginia. The Southwest Community College Truck Driver Heavy Equipment Operator Training Center, which is located in the former Fort Picket in Blackstone, and this is a facility that is bringing people in by the busloads from other areas, it is not just serving Southside Virginia Community College Service area. We are hearing of people coming in from as far away as Martinsville, and Edward County, and places like that with severe unemployment rates. They are able to stay in the former barracks at Picket Park for a few dollars a day, take the training, and within a few months, return to their own localities employable. Another one of the facilities has been the Motor Sports Training Program at Patrick Henry Community College, the Areva Technology Center at Central Virginia Community College, which targets the nuclear industry and some of those employers in the Lynchburg Area. The community colleges have been very active and diversified participants with us.

And then finally, facilities, as far as workforce and education, we have funded along with some of those other funding partners that I mentioned a little while ago, a number of facilities across the tobacco region, including some outstanding facilities that I encourage you to look into and to visit someday, such as Lake Country Advanced Knowledge Center, which is located in a former Heileg-Meyers Furniture store in downtown Southhill, and provides an array of training from their tech exam computer introductory classes, through G.E.D., through Community College classes such as ODU, TeleTech Net and so forth. The Estee Center in Shea City in Mecklenburg County, The Southern Virginia Higher Education Center in South Boston, which is in a former tobacco warehouse, and is a phenomenal facility bringing in several thousand people downtown each year to use their training opportunities. And, along with the Broadband, probably what is one of the other signature investments of the Tobacco Commission has been the Institute for Advanced Learning & Knowledge, in Danville, which is a organization created by state code to represent a number of localities in Southside. They have opened a phenomenal facility with a growing number of research programs that are brought over largely from Virginia Tech to address some of the target industry clusters that exist around Danville, Halifax, Henry, and so forth, such as Palmers with Goodyear, and other manufacturers, and that advanced dynamics program that I mentioned a little while ago that is partnered with the Virginia International Raceway and some of the other partners in the area.

One of the things that is not listed on that outline that I handed out is that we have also invested to some extent in some studies, WIA-I in Southwest Virginia used Tobacco Commission funding to do a targeted industry study to look also at worker's skills and the demand for worker skills, and the opportunities to tap into some of the existing clusters that exist out there; hopefully the employment clusters that are growing as opposed to some that may be short in areas. We have invested in some studies leading to targeted industrial recruitment and job creation.

XII. Statewide WIB Strategic Initiatives – Marilyn Jackson, Staff

Ms. Jackson briefly reviewed the summary material of the WIB's strategic goals and due to time constraints, indicated that the information will be discussed in more detail at the March Council meeting.

XIII. Special Advisor's Report – Dr. Barbara Bolin

Dr. Bolin indicated that the Governor's Conference on Workforce & Career Development is back on. We are hoping for April. We are still waiting for the RFPs to decide on the final hotel. I can tell you that it will be held in the Williamsburg area. Early bird registration will be out very soon. You don't need to know what hotel you're staying in, in order to register for the conference. And, it will be held the week of the April 15th.

Additionally, there's been a new development with the Career Readiness Certificate. You will notice that on WIA statewide funds budget report, there was an expenditure of \$10,500. That is a contract with VECTECH and they have developed the Virginia Skills Bank. It is a query of all data bases where all sorts of information about work key scores will be entered and it will be queriable by zip code and other geographical areas. This makes as a very powerful economic development tool and its got people around the country, and of course around the commonwealth, very excited. As somebody takes a work keys assessment, and/or gets a certificate, that general information will be fed into the Virginia Skills Bank, and then it will be queriable. So if you were a potential employer and you want to know what the skill sets are in a particular region, you can query the database and it will show you. This is just a very powerful tool that we have made available free to all member states in the consortium up to the end of the first year. After that they may have to pay a small maintenance fee. As I mentioned earlier, 15 states are now in the consortium.

IV. Committee Reports – Committee Chairs

Chair Michael Ferraro presented the report for the Key Player Effectiveness Committee, which included a recommendation to establish a State Institute Advisory Board (handout attached to these minutes). Committee deliberations over the last year have pointed to the need for oversight of training for workforce development professionals. The Advisory Board would be part of the Virginia Workforce Council and would reside in the Special Advisors office. The goal of the advisory board would be to suggest professional development, certification and training for those who work or volunteer within the Virginia state workforce system. The Advisory Board would be composed of representatives of the many aspects of the public workforce and economic development system and be an advisor to those who provide these professional development opportunities. It may also suggest specific training for different parts of the system. Members would serve 2 or 3-year terms and would serve at the pleasure of the Council and be linked to the Key Player Effectiveness Committee. A motion was made to accept the Committee's recommendation to establish the Advisory Board. The motion passed.

Chair Andrea Wooten reported that the Local Excellence Committee will work with the local WIBs to establish a peer-to-peer support system. We will also be looking at facilitating best practices among and between the WIBs, and also, the data information system is something that we will be working on as well with everyone.

Chair Connelly thanked everyone and adjourned the meeting at 1:30 pm.

**Virginia Workforce Council
January 6, 2005 Meeting
Transcript of the Discussion of the Virginia Works Program**

Secretary Michael Schewel: One of the things that I just wanted to alert people to if they have not yet read about it, is that the Governor as a part of his budget initiative, has something called "Virginia Works." One of the pieces of that is called, "Virginia Works for Existing Business" and what it seeks to do is to provide \$2 million in grants that will be available to only certain of the state's PDCs; basically, South Side, South West, Northern Neck, Eastern Shore, and I believe it hits the Allegany Highlands as well. In order to get that money what you need to do is to provide a regional consortium led by local industry, that has a plan for identifying what the workforce needs are of that local industry, how they can be addressed, where the gaps are in providing services, and what can be done to fill those gaps. So in some communities it might mean for example, we need new curriculum at the community college to address the wood products industries and we need more equipment to train those people; we need a better support in the K-12 system for a career pathways kind of effort; we need additional assistance to coordinate between our industry and our community colleges.

The idea is to get everybody, and these consortiums would need to have local employers and the WIBs, Community Colleges, and K-12, and economic development. The effort is to incent them to all be working together in the same direction on issues that are, of course, of significance to this Council as well. I think that is very consistent with all of the things that we are doing, but I just wanted to be sure that you all were aware of that.

Marjorie Connelly: Secretary Schewel, do you know if it explicitly does say that the WIBs do need to be involved? My only worry, to be honest with you, is that if there is not a level of awareness about things that already exist, that there could be an inclination to duplicate something that could instead be leveraged.

Secretary Michael Schewel: Right. The language is budget language; it's not a bill. I can't quite remember whether the particular participants are called out or not—I don't believe they are. These two grants are \$2 million dollars each and they would be competitive, and one of the basis of which presumably you would select is if the applicant region seems to have a large amount of participants who are working together towards the same end. There presumably would be selection criteria, but I don't believe that it calls out the WIBs or that it calls out the Community Colleges, for example.

Dr. Barbara Bolin: Can I ask a follow up question, Mike? Who makes the decision on who gets the money?

Secretary Michael Schewel: The process has got to be set up, but currently, the way the legislation is, it is a process that is run by Department of Housing and Community Development. In terms of where the money would actually go, there has got to be a fiscal agent of some kind, the Community College system or to some other organization that would be the local place where the money went.

Dr. Barbara Bolin: So is it your expectation that one of the selection criteria might be that the WIB has to be involved?

Secretary Michael Schewel: What I think is this; if we have applications that don't have WIB involvement, essentially the WIB is basically saying, "This does not concern us," then we probably have not achieved what we wanted to achieve. The sort of "model" that we are working on is, and there are a couple of different things, sort of evolved from the Central Virginia Community College,

which I'm sure got this way when Belle was president, but sort of the model that they have developed for their community-wide existing industry support mechanisms.

Andrea Wooten: I have a question. This may be a stupid question. Because that really involves what this Council is all about, why is the decision not being made by Dr. Barbara Bolin, or others? It seems like the appropriate decision-maker would be under purview of this Council, since it is workforce oriented.

Secretary Michael Schewel: That certainly is a fair question. I think the answer is that when the Governor has programs, he wants to be in a position to make the decisions, and an executive agency like DACD is one, which we control and we can make the decision the way that we want to make the decision. I don't think it gets any simpler or any more complicated than that.

Marjorie Connelly: Secretary Schewel, if you could please update us next time on that. I think that minimally there might be some opportunity to leverage output from this group, some of Dr. Barbara Bolin's folks, et cetera to make sure that we get the word out in the right way to folks, and develop a system to make sure that proposals are good ones.

Secretary Michael Schewel: It will have to win in the legislature first.

Marjorie Connelly: Yes, of course. Well, assuming that something happens there and there is anything to talk about, just keep us up to date.